

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER



Natwar M. Gandhi  
Chief Financial Officer

April 27, 2004

The Honorable Anthony A. Williams  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW – 6<sup>th</sup> Floor  
Washington, DC 20004

The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia  
1350 Pennsylvania Avenue, NW – Suite 504  
Washington, DC 20004

Dear Mayor Williams and Chairman Cropp:

Based on recent events in the national and world economies, I will be certifying an additional \$50 million in sales and use tax revenues for FY 2005. Last week the International Monetary Fund projected stronger growth for the world economy—4.5% growth for 2004 and 2005, which would be the fastest rate of growth since 2000. Also, in his testimony before Congress last week, Federal Reserve Bank Chairman Alan Greenspan indicated that the rate of growth for the US economy has remained solid in 2004 and that the prospects are good for stronger than expected growth in 2005.

Stronger international and national growth is most immediately reflected in the District's economy through higher receipts from the hospitality industry and correspondingly higher sales tax collections. Our most recent tax collections report shows sales tax revenue picking up significantly and currently growing about twice as fast as projected. As a result, forecasts of sales and use tax revenue will be adjusted upward for FY 2005–2008 by the following amounts:

\$million	FY2005	FY2006	FY2007	FY2008
<b>Change in Sales &amp; Use Tax Revenue Estimate</b> (compared to Feb 2004 estimate)	50.0	52.2	54.3	56.6

This change will be certified in late May when the next revenue estimate is completed. I recommend that the additional funds be carried as a "revenue enhancement" in budget planning until then. We do not issue a complete revision of the estimate at this time because two critical pieces of information remain outstanding: 1) income tax collections from the April 15<sup>th</sup> income tax returns and 2) property tax collections from first half billing. Full information about these two critical matters (representing more than half of total tax revenue) will be available about May 21 and the revised estimate will be released on May 28.

Sincerely,

A handwritten signature in black ink, appearing to read "Natwar M. Gandhi", is written over a printed name and title.

Natwar M. Gandhi  
Chief Financial Officer

Enclosures

## **DISTRIBUTION LIST**

Councilmember Harold Brazil (At-Large)  
Councilmember Carol Schwartz (At-Large)  
Councilmember David Catania (At-Large)  
Councilmember Phil Mendelson (At-Large)  
Councilmember Jim Graham (Ward 1)  
Councilmember Jack Evans (Ward 2)  
Councilmember Kathleen Patterson (Ward 3)  
Councilmember Adrian Fenty (Ward 4)  
Councilmember Vincent Orange (Ward 5)  
Councilmember Sharon Ambrose (Ward 6)  
Councilmember Kevin Chavous (Ward 7)  
Councilmember Sandra Allen (Ward 8)  
Robert Bobb, Deputy Mayor and City Administrator  
Kelvin Robinson, Chief of Staff to the Mayor  
Deborah K. Nichols, District of Columbia Auditor  
Arte Blitzstein, Budget Director, Council of the District of Columbia